



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

March 18, 2004

Energy prices and supplies reported in this bulletin are from Monday, Mar. 15, 2004 unless otherwise noted. Also shown are energy data from a month ago, Feb. 16, 2004, and from a year ago, Mar. 17, 2003.

Heating Fuels

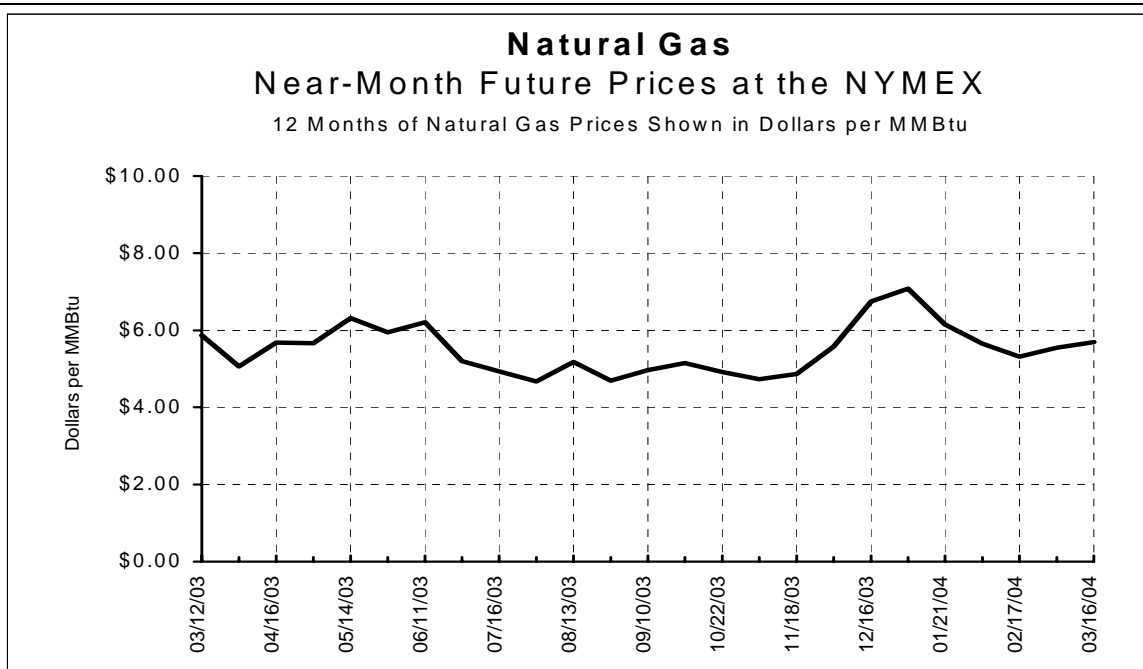
Heating fuels tracked in the Missouri Energy Bulletin include natural gas, propane and residential heating oil. All heating fuel prices and supplies shown from October through March are updated in every new release of the bulletin. From April through September, propane and heating oil prices and supplies are either not available or revised once a month.

Natural Gas

Approximately 60 percent of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity. From 1998 to 2001, Missouri electric utilities' use of natural gas more than doubled and then subsided by about 10 percent between 2001 to 2002.

Despite the second lowest withdrawal of natural gas in the last 11 years for this week of the year, the spot price for natural gas continues to be strong, in part, due to high crude oil prices.

- The spot price for natural gas at the Henry Hub, throughout this last *month* (Feb. 17 to Mar. 16), remained unchanged at 5.60 dollars per MMBtu. Throughout this last *year* (Mar. 17, 2003 to Mar. 16, 2004), the price paid increased by 0.30 dollars per MMBtu moving from 5.30 to 5.60 dollars per MMBtu, an increase of 6 percent.
- The near-month contract settlement price paid for natural gas futures at the NYMEX, throughout this last *month* (Feb. 17 to Mar. 16), increased by 0.37 dollars per MMBtu (7 percent) moving from 5.32 to 5.69 dollars per MMBtu. Throughout this last *year* (Mar. 12, 2003 to Mar. 16, 2004), the price paid decreased by 0.18 dollars per MMBtu moving from 5.87 to 5.69 dollars per MMBtu, a decrease of 3 percent. (Source: *Wall Street Journal*)
- Factors contributing to the run-up in natural gas prices include wintry weather conditions in most of the Northeast and Midwest regions and climbing crude oil prices, which have increased \$2 per barrel or 35 cents per MMBtu since Monday, March 15. The largest increases occurred principally in the intensive gas-consuming regions of the Northeast and Midwest.
- Working gas inventories were 1,143 Bcf as of Friday, Mar. 5, according to EIA's Weekly Natural Gas Storage Report. This level is 8.3 percent below the previous 5-year (1999-2003) average for this week of the year. The implied net withdrawal from working gas of 28 Bcf is the second smallest over the last 11 years for this week of the year (dating back to 1994) in EIA's weekly storage database.

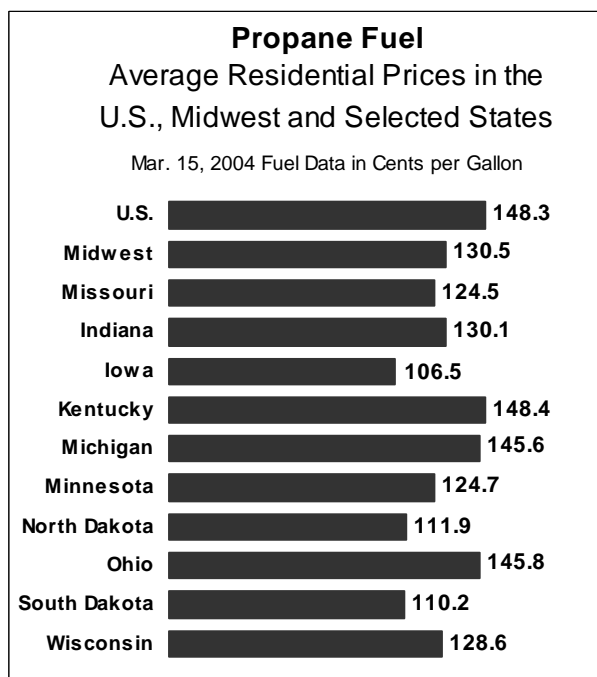


Propane

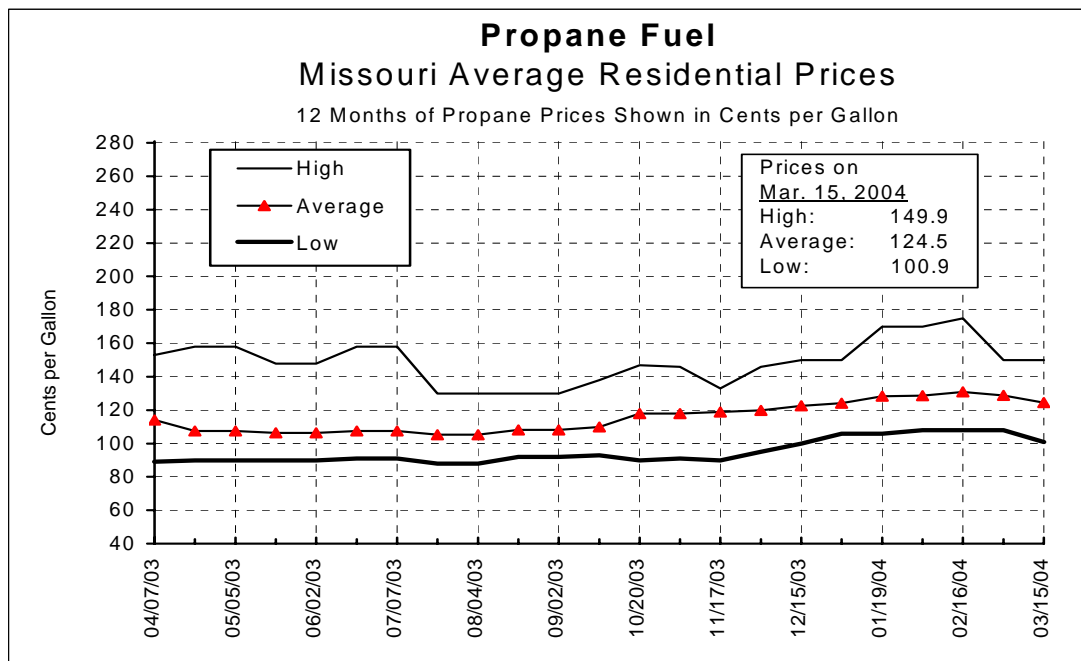
Approximately 12 percent of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles. In 2000, Missourians spent about \$459 million and used 455 million gallons of propane.

Midwest propane inventories remained relatively unchanged in the week ending March 12 and Missouri average prices decreased by 5 percent during the last month.

- The average price paid for residential propane in **Missouri**, throughout this last *month*, decreased 5 percent moving from 130.8 to 124.5 cents per gallon. Throughout this last *year*, prices decreased 10.6 cents per gallon moving from 135.1 to 124.5 cents per gallon, a decrease of 8 percent.
- Propane stocks in the **United States**, throughout this last *month* (Feb. 3 to Mar.12), were down by 1.3 million barrels moving from 27.9 to 26.7 million barrels, a decrease of 5 percent and over the last *year* (Mar.14, 2003 to Mar.12, 2004), were up by 8.5 million barrels (47 percent). In the **Midwest**, over the last *month*, stocks were down by 1.8 million barrels moving from 11.5 to 9.7 million barrels, a decrease of 15 percent and up by 4.4 million barrels over the last year, an increase of 81 percent. Midwest supplies of propane remain higher compared to last year due to milder winter temperatures and lower demand for space heating fuel throughout the region.



- U.S. inventories of propane remained essentially flat last week at an estimated 26.7 million barrels as of Mar. 12, 2004. Nearing the mid-month point for March, U.S. inventories of propane have gained about 0.7 million barrels so far this month. Comparatively, U.S. inventories over the most recent 5-year period, from 1999 through 2003, reported a net loss of about 2.5 million barrels for all of March.



Residential Heating Oil

- The average price paid for residential heating oil in the **Midwest**, throughout this last year, decreased by 12.4 cents per gallon (8 percent) moving from 149.6 to 137.2 cents per gallon. In the **United States**, the average price paid decreased by 21.2 cents per gallon (12 percent) moving from 180.3 to 159.1 cents per gallon.
- Residential heating oil stocks in the **Midwest**, throughout this last month (Feb. 13 to Mar. 12), remained unchanged at 6.7 million barrels and stocks over the last year (Mar. 14, 2003 to Mar. 12, 2004) were down by 1.0 million barrels (13 percent). Over the last month **United States** stocks were up by 2.2 million barrels (5 percent) moving from 43.9 to 46.1 million barrels and over the last year, stocks were up by 9.5 million barrels (26 percent) moving from 36.6 to 46.1 million barrels.

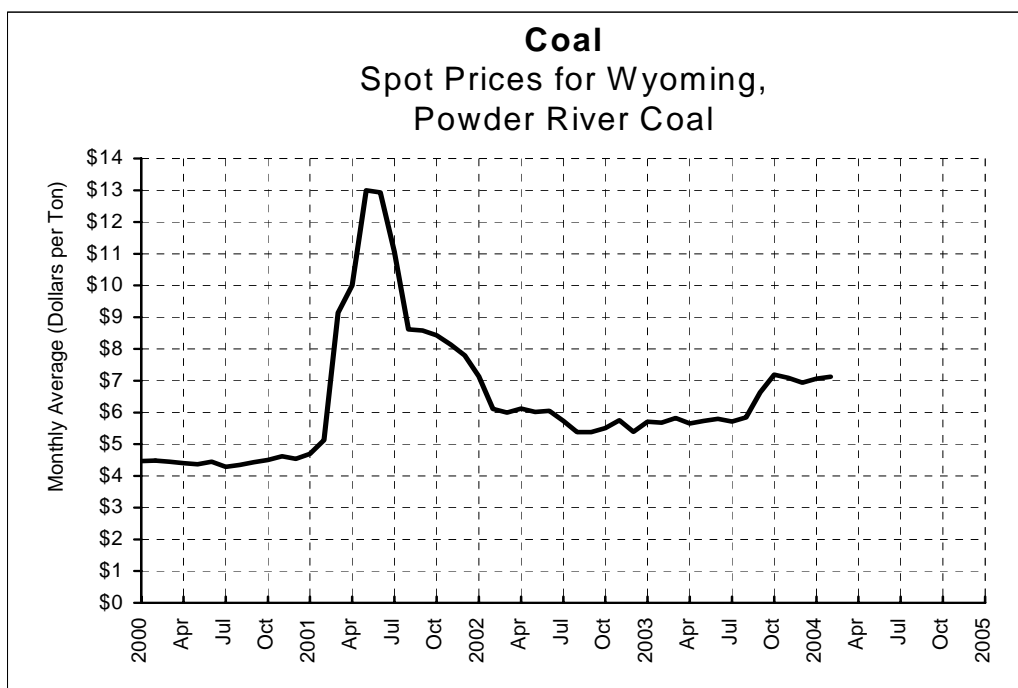
Coal

Coal-fired electric power plants located in Missouri produced 84 percent of all electric power used throughout the state in 2001. Of all coal delivered to Missouri during 2000, about 96 percent came from Wyoming.

Coal production and prices continue higher compared to last year due to higher natural gas and crude oil prices.

- The monthly average price paid for Wyoming, Powder River coal from Jan. to Feb., increased by 0.07 dollars (1 percent) moving from 7.06 to 7.13 dollars per ton. Throughout this last year (Feb. 2003 to Feb. 2004), the average price paid increased by 1.45 dollars moving from 5.68 to 7.13 dollars

per ton, an increase of 26 percent. (Source: *Wyoming Insight*, Feb. 27, 2004)

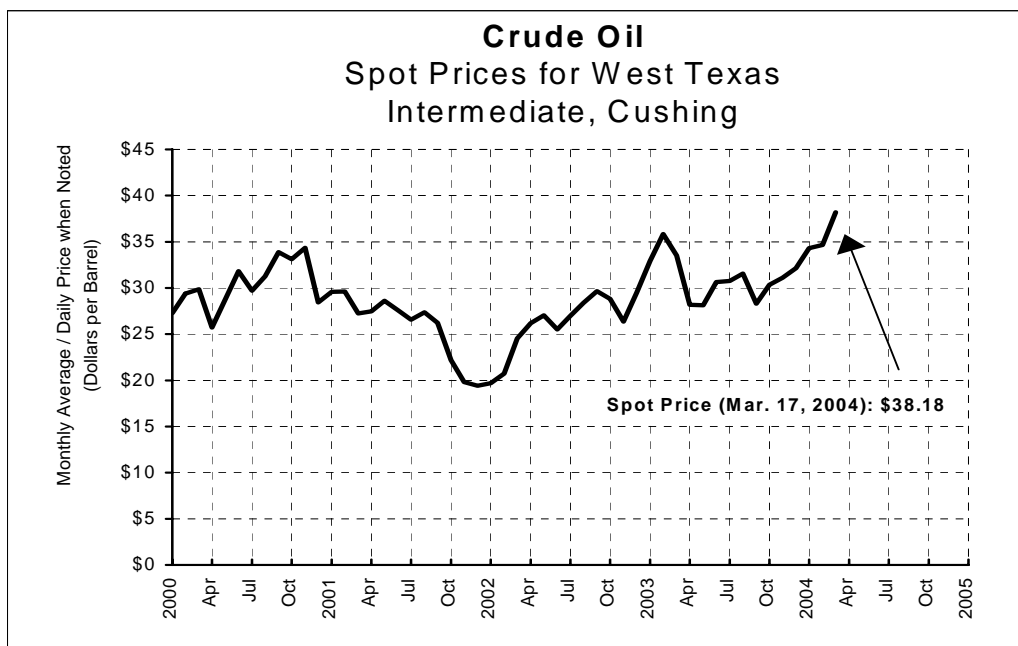


- Estimated coal production for the week ending Mar. 6 was 19.676 million short tons (mmst). This was 4 percent below the comparable week in 2003. Year-to-date U.S. coal production is estimated at 193 mmst, or 0.8 percent ahead of the corresponding total for 2003.
- Since mid-September, coal prices in general remained strong due to continued demand from the utility sector. Higher natural gas and crude oil prices are providing strong incentives for increased use of coal to generate electricity by U.S. utilities as more natural gas and heating oil is used for winter heating purposes.

Crude Oil

Crude oil futures for April delivery on the NYMEX jumped \$0.70 higher on Mar. 17 to close at \$38.18 per barrel, settling above \$38 per barrel for the first time since before the Gulf War in 1990.

- The spot price of crude oil (West Texas Intermediate - Cushing), throughout this last *month* (Feb. 17 to Mar. 17), increased by 3.00 dollars per barrel (8 percent) moving from 35.18 to 38.18 dollars per barrel. Throughout this last *year* (Mar. 17, 2003 to Mar. 17, 2004), the spot price increased by 3.25 dollars per barrel moving from 34.93 to 38.18 dollars per barrel, an increase of 9 percent. (Source: *Wall Street Journal*)
- The EIA reports U.S. commercial crude stocks at 281.1 million barrels, an increase of 1.6 million barrels since the prior week and 10.9 million barrels higher compared to this time last year. In spite of growing supplies of crude oil, prices continue to be high due to concerns over OPEC's announcement to cut production by 1 million barrels per day beginning Apr. 1 and potential cuts to be discussed at the cartels next meeting scheduled for Mar. 31.



Transportation Fuels

Tight gasoline supplies combined with lower production, lower imports and an early growing demand are contributing to higher gasoline prices.

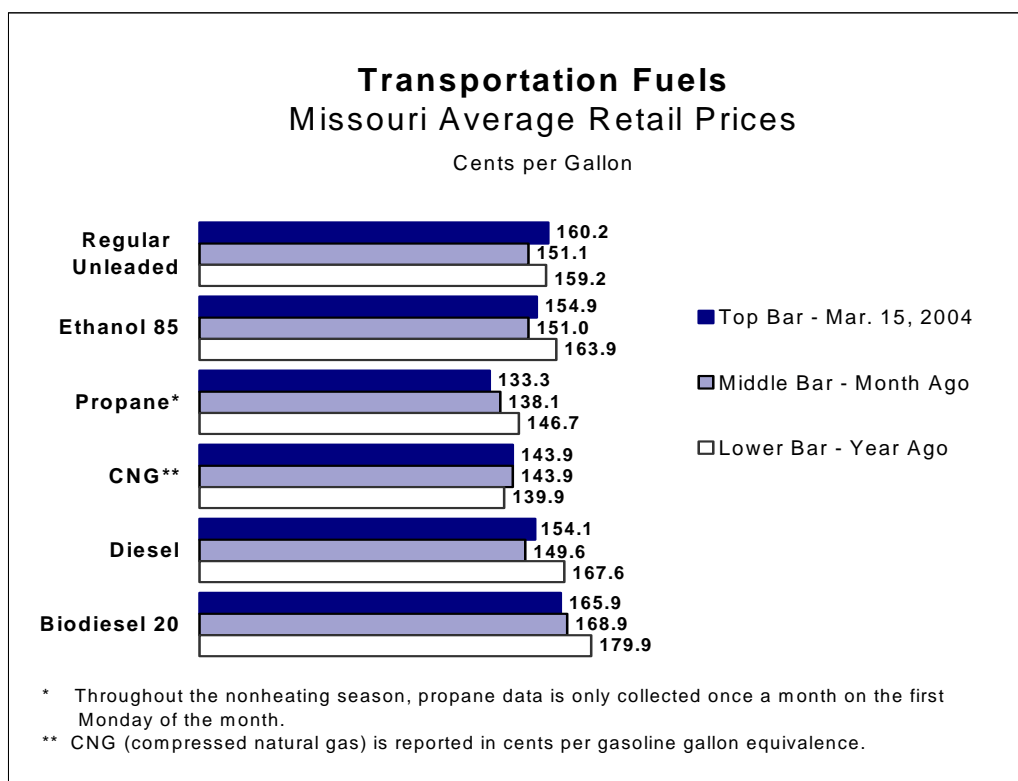
- The average retail price paid for regular unleaded gasoline in **Missouri**, throughout this last *month*, increased by 9.1 cents per gallon (6 percent) moving from 151.1 to 160.2 cents per gallon. Throughout this last *year*, the price paid increased by 1.0 cents per gallon moving from 159.2 to 160.2 cents per gallon, an increase of 1 percent.
- The average retail price paid for regular unleaded gasoline in the **United States**, throughout this last *month*, increased 7.6 cents per gallon (5 percent) moving from 164.8 to 172.4 cents per gallon. Prices decreased by 0.4 cents per gallon over the last year, a decrease of less than 1 percent.
- Over the last month, the average retail price paid for highway diesel fuel in **Missouri** increased by 4.5 cents per gallon (3 percent) moving from 149.6 to 154.1 cents per gallon. Throughout this last *year*, the price paid decreased by 13.5 cents per gallon moving from 167.6 to 154.1 cents per gallon, a decrease of 8 percent.

Regular Unleaded Gasoline Average Retail Prices in the U.S., Midwest, Missouri and Missouri Regions

Mar. 15, 2004 Fuel Data in Cents per Gallon

| | |
|------------------|-------|
| U.S. | 172.4 |
| Midwest | 164.7 |
| Missouri | 160.2 |
| Central, Mo. | 158.7 |
| Kansas City, Mo. | 159.4 |
| Northeast, Mo. | 161.1 |
| Northwest, Mo. | 162.4 |
| St. Louis, Mo. | 162.0 |
| Southeast, Mo. | 161.9 |
| Southwest, Mo. | 157.7 |

- Total motor gasoline stocks in the **Midwest**, throughout this last *month* (Feb. 13 to Mar. 12) were up by 0.3 million barrels (1 percent) moving from 54.8 to 55.1 million barrels and by 5.0 million barrels (10 percent) over the last *year*. Total motor gasoline stocks in the **United States** were down over the last *month* by 5.4 million barrels moving from 205.0 to 199.6 million barrels, a decrease of 3 percent and down by 1.5 million barrels (1 percent) over the last *year*.
- U.S. gasoline supplies dropped 800,000 barrels to 199.6 million barrels. April NYMEX gasoline futures jumped to \$1.1577 per gallon, the highest futures price since May 23, 2001, when they hit \$1.1589 per gallon, the highest since the EIA began keeping records on the data. Gasoline inventories fell for the 7th time in 8 weeks, dropping below 200 million barrels for the first time since last November. The deficit to the 5-year average now stands at 9.8 million barrels, or nearly 5%. Gasoline demand remains strong for this time of year, growing by 76,000 barrels to 9.044 million barrel per day, according to the EIA data for the week ending Mar. 12th.



The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration and Chicago Regional Office; the National Association of State Energy Officials, the Missouri Propane Gas Association and the Propane Education and Research Council; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.